



**MACROECONOMIC VARIABLES THAT INFLUENCE SHARIAH INDEX: CASE OF
MALAYSIA MARKET**

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APRIL 2011

DECLARATION OF ORIGINAL WORK



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Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any others degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbalism extract have been distinguished by quotation marks and source of my information have been specifically acknowledged.

Signature:

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LETTER OF SUBMISSION

27TH APRIL 2011

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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “MACROECONOMIC VARIABLES THAT INFLUENCE SHARIAH INDEX: CASE OF MALAYSIA MARKET” to fulfill the requirement as needed by the Faculty of Business Management, University Technology MARA

Thank You

Your Sincerely

.....

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ABSTRACT

This research is study about factor that influence shariah index in Malaysia market. Shariah Index is index that is similar to composite index. The differences between shariah index and composite index is the shariah index is based on Islamic law. Microeconomic variables such as Foreign Exchange, interest rate and inflation are the variables that always effect in investment sector. The investor always study about these variables to know the impact of this variables while making investment especially in shariah index. As a result, this study tries to examine the relationship between the shariah index and foreign exchange, inflation and interest rate. Multiple Linear regression was used to get the finding, which is the result of relationship between shariah index and interest rate, inflation and foreign exchange. The result show uncertainty relationship between this dependent variable which is shariah index and independent variables which is foreign exchange, inflation and interest rate. But. Some of the finding has constant with the previous research. The finding that I have got through this research is all the microeconomic variables, which is foreign exchange, interest rate and inflation has negative relationship. Further insight, the result perhaps can help the investor to make a right decision while doing investment in shariah index.

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